UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION
REGION ONE WASHINGTON, D.C.

HISTORY AND DEVELOPMENT OF THE FARM SECURITY ADMINISTRATION PROGRAM

I - Purpose and Establishment of the Farm Security Administration

The Farm Security Administration program was developed in an effort to overcome disastrous agricultural conditions existing in 1933. At that time, approximately five million farm people were on direct relief, which provided, at the most, daily subsistence without carrying any opportunities for the future. In earlier years, when land wore out or farms were foreclosed, the farmer could do two things. He could move West and start over again on new land, or he could go to the city and get a factory job. But, in the last depression, both of these roads were closed. The country had no new frontiers, no more free land, the factories were closed down and millions of experienced city workers were out of a job. The nation had to find a new way to handle its rural relief problems.

The depression was not the sole cause of the farmers' troubles - it merely made the need more acute. The roots of the trouble ran back many years. Through poor farming methods, the fertility of millions of acres of soil had been seriously depleted. The old system of farm credit was breaking down. Character Loans with long term credit, which country bankers used to make, were prohibited by new banking laws that required security for every loan. Landlords, who had formerly financed their tenants were unable to carry them any longer. During good years, many farmers had gone into debt to machinery companies, banks, and private lending agencies. Under depression conditions, they could see no prospect of paying these debts or even carrying them. Farm tenancy had been increasing rapidly.

Every year more than forty thousand farm owners were losing their land and becoming tenants. Since one-third of all the tenants moved every year, they had little reason to protect the land or build up the property. These conditions had lowered the standard of living, added to malnutrition and ill health. In an effort to help the farmer solve his financial difficulties the Farm Credit Administration, at the request of the President, started the Farm Debt Adjustment Program in October, 1933.

The idea of rural rehabilitation rather than rural relief was developed and the first steps were taken in April, 1934 when the Federal Government allocated funds for the establishment of a rural rehabilitation program in all the states. Rural Rehabilitation Corporations were set up in these states and immediately started to make subsistence loans to farm families who were then on direct relief.

On April 30, 1935, the President issued an executive order creating the Resettlement Administration, an independent agency combining the efforts of the agencies mentioned above. Efforts toward rehabilitation were carried out by the Resettlement Administration until September, 1937, when the Congress of the United States passed the Bankhead-Jones Act creating the Farm Security Administration and placing it within the U. S. Department of Agriculture. As a regular line agency of this Department, the Farm Security Administration functions in cooperation with the Extension Service, the Farm Credit Administration and all other federal agencies.

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II - Organization of the Farm Security Administration

County Office:

A - The "spearhead" of the FSA program is the County office, where applications for loans are made. Supervisors working out of the County office, work out farm and home plans, and the actual work of planning, supervision, debt adjustment, and the making and collection of loans devolve upon them. A ll contact with borrowers ordinarily is made through the county office. There are nearly 2,000 of these offices, each with a county supervisor, and a home management supervisor, and a stenographer or clerk, depending on the case load.

The supervisors visit the farms, where they can actually see the problems each family faces, and where they work out the farm and home plans with the farmer and wife.

B - District Office:

A district supervisor co-ordinates the rehabilitation work in several counties, and works with county personnel on problem cases.

C - State Office:

The State Director, or Assistant Regional Supervisor has charge of the work of the district and county supervisors in his state. He also sees to it that the program makes full use of the educational material available from the State Agricultural College, the Experiment Station, and the Agricultural Extension Service. He does a good deal of work in linking the program to that of other agencies in the state.

D - Regional Office:

Each of twelve regional offices throughout the United States has full charge of the work in several states that have similar farming conditions and problems. A farm management staff and a home management staff work with supervisors in the field and advise the people in immediate charge of the rehabilitation and resettlement programs. All of the fiscal work on making loans is done in the regional office. The various resettlement projects ordinarily report directly to the Regional office. Each Regional Director has the services of advisers in Business Management, Labor Relations, Personnel, and Information. His office also has the help of a representative of the Solicitor's Office of the Department of Agriculture, on legal problems. The Regional Finance manager reports directly to the Washington Finance Division, but works closely with the Regional Director. The engineering work is done by District Engineers, most of whom are stationed at regional offices.

E - National Office:

The National office is responsible for making policy, co-ordinating the work of the Farm Security Administration with other agencies, and performing service functions for the field offices of the twelve administrative Regions.

F - Personnel:

Dr. Will W. Alexander is Administrator of the Farm Security Administration, responsible to Secretary of Agriculture Henry A. Wallace.

Philip E. Henderson is Regional Supervisor of Region One, which embraces the eleven northeastern States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland and Delaware. Regional headquarters are in Washington, D. C.

Homer F. Worcester is State Director for Maine, with headquarters in Bangor.

Roger F. Clapp, with headquarters in Boston, Massachusetts, is Assistant to the Regional Supervisor, and in charge of the FSA in New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut.

Willard E. Georgia is New York State Director, with headquarters in Ithaca.

Carson F. Mertz is State Director for Pennsylvania, with headquarters in State College.

Alan C. Ebert, with headquarters in New Brunswick, New Jersey, is Assistant to the Regional Supervisor, in charge of the FSA in New Jersey, Maryland and Delaware.

III - PHASES OF THE FARM SECURITY ADMINISTRATION PROGRAM

Phases of the Farm Security Administration program include Farm Debt Adjustment, Rural Rehabilitation loan and grant program, Community and Cooperative Service loans, the Medical Care program, Security of Tenure, and the Tenant Purchase program.

A - Farm Debt Adjustment

1. Purpose:

The Farm Debt Adjustment program is an organized effort to provide facilities for adjusting on a voluntary basis farmers' debts to conform with their capacity to pay.

2. Definition of the Debt Adjustment:

Any agreement, compromise, or settlement between a farm debtor and his creditors, which gives the debtor a reasonable opportunity to meet his debts and continue farming is considered an adjustment.

3. Policy:

(a) It is the policy of the Farm Security Administration to facilitate by impartial mediation the adjustment of debts of farmers; to encourage and assist voluntary state and county Farm Debt Adjustment Committees in their efforts to make such adjustments, and to render Farm Debt Adjustment service without charge of any kind to the debtor or his creditors.

(b) In general, loans may not be made to refinance outstanding debts, except as specifically authorized under the provisions dealing with the purposes for which standard loans may be made.

(c) It is not the policy of the Farm Security Administration to encourage or assist any person to avoid payment of bona fide debts within his ability to repay. It is expected that each debtor shall meet his obligations to the limit of his ability.

4. Persons Eligible for Farm Debt Adjustment:

(a) Rural Rehabilitation Clients and other farm owners, farm tenants, farm laborers, or sharecroppers who:

1) are indebted beyond their ability to repay.
2) carry an excessive burden of debt by depriving themselves and their families of necessary subsistence.
3) need assistance in making arrangements with their creditors for more equitable or longer term repayment schedules.
4) are in need of advice or assistance concerning agricultural reginancing.

(b) Creditors of the above listed persons.

5. <u>General Approach to Farmers' Debt Problems:</u>

(a) <u>Farm Debt Adjustment for Prospective Clients:</u> whenever it appears that the debts of a prospective Rural Rehabilitation client are excessive, or creditors are pressing for settlement, it shall be the duty of the county RR Supervisor to make the adjustment necessary to assure the soundness of the Farm Management Plan prior to recommending a standard RR loan. If the county RR Supervisor is unable to make the necessary adjustment unaided, he may request the assistance of the County Farm Debt Adjustment committee or the person designated as responsible for the FDA program in the district in which the county is located. The debts of a prospective client shall be deemed to be excessive when it is shown by the preparation of a sound Farm Management Plan that the client will be unable to meet his obligations as they mature and, at the same time, support his family on a basis consistent with acceptable standards in the community, continue farming operations as provided in the Farm Management Plan, and repay the loan.

(b) <u>Farm Debt Adjustment for Other Farmers and Creditors:</u> While it is impossible to outline definite procedure for the handling of FDA cases, it is recommended that the entire debt structure be analyzed and compared with the possibilities for debt retirement. If refinancing is necessary, the applicant for Farm Debt Adjustment service should be assisted in securing such refinancing and in putting his affairs in shape for the acceptance of any reasonable committment he is able to secure. If an extension of time or lower interest rate will solve his problem, he should be assisted in securing them. Generally speaking, Farm Debt Adjustment service shall be considered to have been rendered only when the remaining outstanding debt can be repaid by the debtor in accordance with the terms of the agreement.

6. <u>Methods of Adjusting Debts:</u>

The method or methods to be employed in adjusting debts in each case will be determined by the parties interested in the case and the Farm Debt Adjustment committee or Farm Security Administration personnel assisting in the settlement.

(a) <u>Debt Reduction:</u> An adjustment by debt reduction is deemed to have been accomplished when the amount a debtor is obligated to pay to his creditors has been lowered by voluntary agreement, settlement or compromise to an amount which the debtor may be reasonably expected to pay, considering the resources at his command and his future earn-

[illegible]

(c) Operators of the farms they are operating. Rural Rehabilitation [illegible]

3. [illegible] Farm [illegible]

(a) Farm Debt Adjustment for Cooperative Colonies: [illegible]

(b) Farm Debt Adjustment for Other Tenants and [illegible]: [illegible]

4. Methods of Adjusting Debts

[illegible]

(a) Debt Adjustment: [illegible]

interest rate reduction is merely incidental to the refinancing of a debt, but rather, when the rate of interest a debtor is obligated to pay to his creditors has been reduced by voluntary agreement to a rate which gives the debtor a reasonable chance to pay all of his debts, an adjustment by interest rate reduction is deemed to have been accomplished provided:

1) the interest rate reduction is the principal factor in bringing the debtor's obligations within his ability to pay.

2) the creditor (or creditors) granting the reduction continue a creditor relationship to the debtor, after the adjustment.

(c) Extension: An adjustment by extension is deemed to have been accomplished when the maturity of a debtor's obligations has been postponed or put forward by voluntary agreement with his creditors for a sufficient length of time to give the debtor a reasonable opportunity to meet all his debts as they become due.

1. Non-disturbance or subordination agreements given by creditors of RR Clients for the purpose of insuring a repayment of Farm Security Administration loans are often necessary and should be obtained. However, they should not be included in reports of adjusted cases.

2. Short-time extensions from creditors of the RR clients are sometimes necessary, to allow the completion of an FSA loan, part of the proceeds of which are to be used to pay off those creditors. Farm Security Administration personnel should assist whenever necessary in obtaining such extensions. Extensions of this kind should not be included in reports of adjusted cases.

(d) Other Methods of Adjustment: Adjustments may be accomplished by other methods which give a debtor a reasonable opportunity to pay his debts as they may mature and continue his farming operations as the result of a voluntary agreement, settlement, or compromise with his creditors. A few of the more common of these methods are as follows:

1. Conveyance by debtor to creditor of a portion of his property in consideration of a release of all obligations by the creditor, leaving the balance of the property in the debtor's possession free of encumbrance.

2. Lease of property to debtor by creditor after foreclosure with option to repurchase which will give debtor a reasonable chance to recover property.

3. Sale of a portion of property by debtor for a sufficient amount to enable him to meet his debts, leaving the balance of the property for farming operations.

4. Securing of refinancing loan for the debtor under circumstances where the debtor would have been unable to obtain same through his own efforts. (Note: the mere referral of a debtor to a lending agency is not considered an adjustment, even though the debtor secures a loan which makes it possible for him to meet his obligations as they mature and continue his farming operations.)

5. Securing an increase in the amount of a refinancing loan already granted where the debtor would have been unable to obtain same through his own efforts, provided the increased commitment is the principal factor in effecting the adjustment.

(c) Combination of Methods of Adjustment: An adjustment by any combination of methods is considered to have been accomplished when the debtor has been provided with a reasonable opportunity to meet his obligations as they mature and continue his farming operations.

7 - FARM DEBT ADJUSTMENT REPORTS

(a) Form FSA-RR-89 "Farm-Debt Adjustment Individual Case Report", will be used as a work sheet and a case report on each case considered by Farm Debt Adjustment committees or by Farm Security Administration personnel. It should be filled out as fully as possible when the case is opened, and additional information should be added as it becomes available. If the case is settled, the information on the work sheet should be copied on blank forms in the necessary number of copies and the original and one copy submitted to the Farm Debt Adjustment supervisor covering the particular district, and who is responsible for all reports to the Regional Office; a copy may be retained in the files of the person making the adjustment, and a copy will be retained with the Farm Debt Adjustment reports in the county office. If an adjustment is made in connection with a standard RR loan, a copy of the report #89 must be included in the docket. If a case is dropped as an unadjusted case, the information on the work sheet will be copied on blank forms in the required number of copies, and the original and one copy will be submitted to the District Farm Debt Adjustment Supervisor, and a copy will be

retained with the Farm Debt Adjustment reports in the county office. For all dropped cases full information should be shown as to why an adjustment was not made.

The county RR Supervisor should forward FSA-RR-89's on all cases either closed or dropped by him during the month, and a list of all cases, both old and new, remaining pending at the close of the month, to the District Farm Debt Adjustment Supervisor, so that he may include them in his monthly report to the Regional Office.

(b) Form FSA-RR-77 "County Farm Debt Adjustment Report" is to be used to keep a record of the acquisition and disposition of all Farm Debt Adjustment cases, and must include a list of all cases pending in each county. These forms must be filled in monthly by the Farm Debt Adjustment Supervisor covering each district. An original of FSA-RR-77 for each county will be submitted to the Regional Office by the District Farm Debt Adjustment Supervisor each month. No case may be considered closed or dropped unless the original FSA-RR-89 has been submitted to the Regional Office prior to or with the submission of form FSA-RR-77. This report FSA-RR-77 <u>must be submitted to the Regional office not later than the third business day of the month following the reporting period</u>, in order to be included in the monthly Regional Office summary. A copy of FSA-RR-77, as prepared by the Farm Debt Adjustment Supervisor for each county, may be returned to the county office for the information of the county RR Supervisors and the County Farm Debt Adjustment committees.

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B - <u>Rural Rehabilitation Loan Program</u>

The Farm Security Administration provides loans of various types, and occasional grants to farm families who cannot secure credit elsewhere on reasonable terms. It is the purpose of the program to rehabilitate low income farm families and provide a healthful standard of living; to aid in increasing cash income sufficient to repay annual home and farm operating expenses, repay cash obligations and allow the family to participate in normal social, educational and economic activities of the community. The standard Rural Rehabilitation loan program reinforces the extension of necessary credit with supervision, instructions and guidance along practicable farm and home management lines. The purpose of extending credit is to make possible the carrying out of approved practices developed in the farm and home management plans.

1. <u>Farm and Home Plans</u>:

If a standard RR loan is to be recommended by the County RR Supervisor, after consulting with the advisory committee, the County RR Supervisor will prepare Form FSA-RR-14 "Farm and Home Management Plan", and the Home Management Supervisor

will prepare Form FSA-RR-14a "Farm and Home Management Plan-Home Section". These plans will be prepared with the family.

During the preparation of the Farm and Home Plans, and prior to recommending a loan, the county RR Supervisor will secure the composition, extension, and adjustment of debts which appear necessary to the preparation of sound Farm and Home plans, enlisting the cooperation of the district Farm Debt Adjustment Specialist or the voluntary county Farm Debt Adjustment Committee, if required. In all cases where adjustments have been accomplished, Form FSA-RR-89, "Individual Case Report", will be prepared in the necessary number of copies and distributed as previously mentioned. Where other creditors hold obligations against the property, execution on which will endanger rehabilitation of the client, and where such obligations cannot or should not be refinanced, suitable subordination or non-disturbance agreements must be obtained and repayment plans must be worked out and agreed to by the creditors to bring the debts within the client's ability to pay out of his income as they become due.

Prospective standard loan clients who do not own farms constituting an economic unit, or who do not have suitable tenure arrangements for a productive farm, should be given to understand that it is their responsibility to locate and lease acceptable farms or additional farm land subject to approval by the county RR Supervisor. County RR Supervisors will assist, where necessary, in negotiations for leases under terms and conditions acceptable to the Farm Security Administration, but will make it clear that the Government assumes no responsibility for performance of the terms of the lease by the tenant. Security of tenure must be emphasized, and landlords encouraged to give written leases, covering the period of the loan, or leases with renewable or continuing clauses which provide compensation features for improvements to be made by clients. Farms to be acceptable to the Farm Security Administration must be of a size and character that will permit successful operation.

2. Persons Eligible for Standard Loans:

Low income farmers, including owner-operators, tenants, sharecroppers, and farm laborers who are (1) living on farms from which they derive the major portion of their livelihood: (2) temporarily living in towns and villages because of inability to remain on farms from which they recently derived the major portion of their livelihood; or (3) recently married young men who are sons of farm families and desire to engage in farming operations of their own for a livelihood.

3. Co-operation of Client Family:

Financing and supervising Farm and Home Management Plans require the co-operation of the client in:

(a) Production of a year-around supply of home grown vegetables, fruit, meat, poultry, eggs, and milk for family use.

(b) Production of a year-around supply of pasture, forage, and grain for the farm livestock.

(c) Production of sufficient cash income from the farm to pay cash farm and home operating expenses and repay the Farm Security Administration loan and other obligations.

(d) Keeping up-to-date, summarizing and analyzing farm and home account records.

(e) Participation in economic services which will reduce farm and home operating expenses or farm and home capital cost.

(f) Participation of the client family in group instructions in farm and home management, rural health and sanitation, and rural cooperation.

(g) Individual instruction in technical phases of improved farm and home practices.

(h) Proper accounting for use of proceeds of loans according to provisions of the Loan Agreement, the care of property and crops mortgaged to the Farm Security Administration and the use of farm and other income according to the provisions of the Farm and Home plans and the Loan Agreement.

4. <u>Purpose for Which Standard Rural Rehabilitation Loans May be Made</u>:

(a) Standard RR loans may be made with a repayment period not in excess of ten years for the following purposes:

1. To pay advance rental on agricultural land in order to round out for the client an economic farm unit where a major shift in agricultural economy is planned such as from cash crop farming to a diversified livestock and grazing economy.

2. To purchase foundation herds of purebred or high grade livestock to be carried as a farm enterprise by the client having land ownership, or security of tenure for the period of the loan.

3. For land clearing operations on necessary land suitable for agricultural purposes where such loans are not inconsistent with other agricultural programs authorized by congress, and:

(a) Where the borrower has moved to such land from submarginal land optioned or purchased by a Government agency and where the borrower has ownership or a contract of purchase which provides security of tenure for the period of the loan and provides terms which give reasonable assurance for fullfillment.

(b) Where prospective or accepted standard RR clients have entered or are entering into farming operations and farm income will be delayed while the farm is being brought into full production.

(c) Where the borrower is an RP* client entering into a Lease and Purchase contract with the Farm Security Administration for the purchase of a farm, and farm income will be delayed while the farm is being brought into full production.

(b) Loans may be made for a period not exceeding five years for the following purposes:

1. Purchase of work stock or subsistence livestock.

2. Purchase of farm machinery or household equipment.

3. Purchase of lime and fertilizer for the seeding of land to permanent pasture and meadow, the benefits of which will be spread over a number of years and the cost of which may reasonably be expected to be repaid within five years.

(a) Such loans may be made to either land owners or tenants, but if these loans are made to tenants they shall be based upon land tenure which will not expire before the date of repayment of the loan or before full benefits of the improvement have been realized by the tenant, unless the client has a contract with his landlord, under the terms of which he will be compensated for any unaccrued residual value of the improvement, which exists at the time the lease is terminated.

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* RP = Resettlement Project

4. Construction of minor buildings and fences and repairs thereto, and for other minor farm improvements essential to the successful operation of the farm family enterprises.

5. Refinancing chattel mortgages when it is found impossible to make other equitable adjustments and where rehabilitation of an eligible client is threatened by foreclosure on chattels necessary to the farm and home operations, the current commercial value of which is in excess of the amount of the adjusted debt.

6. Refinancing unsecured debts which have been substantially reduced through debt reduction and where there is a strong probability that the creditor will secure judgment and levy against chattels necessary to the rehabilitation of the client. Refinancing in such cases shall only be by special authority of the Regional Director.

(c) Loans may be made for a period of two years or less for the purchase of seasonal farm and home supplies, minor repairs to buildings and fences; repairs to farm and household machinery and equipment, the purchase of farm tools; the purchase of baby chicks or feeder pigs or other livestock which will be consumed or marketed in less than two years; the purchase of subsistence goods for human needs and the payment for indispensable medical services and for sanitation; the payment of annual current interest on chattel mortgages; the payment of annual current rent on land and buildings; the payment of annual current taxes on real and personal property; the payment of crop insurance premiums; the payment of premiums for insurance against fire, wind, lightning, and other types of accidental damage to chattels and buildings, provided such protection is considered essential for the security of the loan and/or the rehabilitation of the client (wherever possible, it is desired that insurance premiums be paid by the client out of the proceeds of crops or other funds rather than including funds in the loan for that purpose; in no case may funds be included for payment of insurance on buildings not owned by the client); the payment of recording and filing fees and the payment of current labor, professional and transportation and utility service fees.

5. <u>Supervised Bank Accounts:</u>

When the full amount of the loan or a portion thereof is paid to the client in advance of the date actually needed by him, the county RR Supervisor or associate county RR Supervisor for cases under his assigned supervision may, in order to provide assurance that the funds will be used for the purposes set forth in the Loan Agreement, require that the unused portion of the check shall be deposited in the

bank to the credit of the borrower, subject to withdrawal on the counter signature of the County RR Supervisor or associate county RR Supervisor for cases under his assigned supervision.

6. Interest and Amortization:

Interest will be charged at the rate of five percent per annum on RR loans and on renewals granted thereon. Interest will accrue on principal only and shall not be compounded. Repayments on loans for the above purposes will be set up in the Loan Agreement and Note in such installments as are determined to be in accordance with the anticipated maximum ability of the borrower to repay as indicated by probable income as shown on the Farm and Home Management Plan approved for the borrower.

Under the terms of the Emergency Relief Act of 1938 and orders issued thereunder, it will no longer be necessary to require that repayments be made in equal annual installments. However, it will be the policy of the Farm Security Administration to require repayments of annually recurring operating expenses from the crops for which such advances were made in order to avoid pyramiding indebtedness. Repayments on items of this nature should not be spread over a two year period. Where the loan is made for a period of five years or more, the early payments on the principal may be deferred or fixed at a lesser amount than in the later years if the borrower is subject to one or more of the conditions of financial stress listed below:

(a) A heavy repayment schedule arising during the first two years, as a result of funds advanced for purposes for which a loan not in excess of two years may be made.

(b) The necessity of meeting heavy repayments of obligations owing other creditors during these years.

(c) The beginning of borrowers' farm operations at a season of the year or of a nature such that cash income will be largely deferred for a period in excess of twelve months.

(d) The necessity of devoting the early years to soil improvement and other operations on which the major returns to the borrower will be deferred.

7. Notes and Security:

In general, the approval of a standard RR loan in the first instance, or a renewal thereof, will be predicated on the probabilities of orderly repayment of the loan on the basis of farm income produced in accordance with the original "Farm and Home Management Plan" or a revision thereof, rather than the security available -- either chattel or real. However, it is the policy of the Farm Security Administration to take a first lien on sufficient available

property to secure Farm Security Administration standard RR loans or renewals thereof, and to safeguard the financial status of the client during the process of rehabilitation.

8. The Grant Policy of the Farm Security Administration:

(a) Eligibility for Grants: is determined in accordance with Farm Security Administration eligibility requirements and procedure. Grants may be made to "standard" and "potential standard" clients in connection with a program of rural rehabilitation. Only when a major catastrophe (such as flood, hurricane, or serious drought) has occurred, and when existing relief facilities are unable to meet such a situation and the area has been declared an "emergency area" by the Administrator of the Farm Security Administration, may grants for direct aid only be made.

(1) Standard Clients: Grants to standard clients for family living may be a temporary part of the rehabilitation planning if these are necessary, until self-sufficiency is attained. Grants may also be used to provide for temporary family living needs when unforseen circumstances, outside of the planning, arise and the family is as yet unable to take care of the expense. The size of the grant is determined by calculating budgetary deficiency needs. Since the family is expected to provide for as much of the family living as possible on the farm, the deficiency is expected to be far less than if the family were living entirely on cash aid.

(2) Potential Standard Cleints: FSA may assist with grants as Potential Standard Clients, those needy farm families to whom it is unable to make loans immediately available because of the following circumstances:

(a) a debt situation that needs adjusting before a farm and home plan can carry the debt.

(b) tenure arrangements.

(c) another farm must be found.

(d) a family problem must be solved.

(e) a health situation must be diagnosed to see how much it may affect the carrying out of the Farm and Home Plan and the prospect of rehabilitation.

In such cases temporary grants for family living may be made.

In the event that such a family is found to be ineligible or can be better helped by another agency, FSA may assist through referral to the proper agency if the family so desires.

(3) Victims of Flood, Drought, Storm and Like Catastrophes living in farming areas may receive direct relief grants through FSA when farm and home planning is not feasible because of the situation existing after the catastrophe.

(4) Grants for Medical Attention: When medical attention is absolutely essential to the rehabilitation of the family, and the cost of such attention cannot be paid out of farm income, it becomes a matter of concern to the community; for if the family is unable to carry out its farm and home plan because of health, it may fail to become rehabilitated. In such a case, the family may sink to a relief level and become the responsibility of public welfare agencies not only for medical care but also for the subsistence needs of the whole family.

The FSA, therefore, asks help from existing welfare agencies in cases where medical attention is needed for standard loan clients. It also asks medical aid for the correction of chronic health conditions of long standing where such conditions can be corrected and are the sole cause for rejection of the applicants for FSA assistance. It is recognized that in some rural areas there are no agencies set up to care for medical needs. When this is the case, FSA grants may be used as a last resort. They may not be made, however, until all other possibilities are exhausted.

9. Supervision:

(a) Group Instruction of Client Families:

Instructions may well be given to client families in groups on the development and interpretation of the Farm and Home Management Plans and on keeping, summarizing, and analyzing the farm family records. The Farm and Home Management Plans may be used as a basis for a complete discussion of the elements of farm and home management which go into balancing a farm family enterprise. A partial list of other subjects adapted to group instructions would include canning and conservation of food, farm family diets and health measures, livestock, soil and crop practices, and so forth.

(b) Farm and Home Instruction Visits:

At intervals of a few weeks, Farm Management advisers and Home Management supervisors should check on the seasonal progress of clients and advise with them concerning methods and changes which may be necessary in order to meet emergencies which may develop. Before marketing seasons, county RR Supervisors should check with clients in detail on the prospects for cash income and its use for the various purposes set up in the Farm and Home Plans and the Loan Agreement. Instructions in technical aspects of farm and home management, pertinent to the individual case, may be given at the time of such visits. Clients should be classified according to the amount of farm and home instructions needed, and the relative frequency of visits should be planned accordingly. After each supervisory visit, Form FSA-RR-19, "Farm Visit Report", will be prepared in duplicate, confirming matters discussed during the course of the visit and the instructions given. One copy of this report will be forwarded to the client for his information and guidance and the other copy will be retained in the county office files.

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COMMUNITY AND COOPERATIVE SERVICES

C - Community and Cooperative Service Loans are made for the purpose of providing clients and low-income farmers with farm machinery, equipment, breeding animals and other services needed to successfully operate their farms and which they are not able to afford or make efficient use of on an individual basis.

By the use of this cooperative program, many types of modern farm machinery too expensive for the small farmer to own can be made available to him and his neighbors and allow the group to compete with large farmers in the economical production of crops. Its use also decreases the size of loans necessary to assist many clients to become self-supporting and also makes it possible to aid many small farmers in developing a rehabilitation program when it would be impossible to set up on an individual basis.

Two types of community service loans are in common use:

(1) Joint Ownership Type -- Where two or more farmers agree to purchase and use equipment jointly for their mutual benefit. In these cases, clients or low income farmers usually borrow or contribute an equal amount for the purchase of the equipment or service and have a mutual agreement as to how the machinery or service will be operated who will keep machine in repair, etc. (As

the result of experience, the FSA finds it usually more advisable to encourage the development of this Joint Ownership type).

(2) Master Borrower Type -- A loan is made to one individual to purchase equipment, breeding stock, etc., which neighboring low income farmers and clients signing an agreement to use the facilities of the service at a fee large enough to allow the purchaser to pay for the equipment. (In most cases this type, although easier to set up, has not proved as successful in the long run as the Joint Ownership type).

Interest rates on Community and Cooperative Service Loans vary from three to five percent depending on the type of service.

Loans may be made to individuals to purchase shares of stock or pay membership fees to enable them to join or participate in existing cooperatives. Cooperative purchasing and marketing associations may be organized for the benefit of clients and low-income farmers in communities where the services of an existing farmers' cooperative are not available and where the use of same will make a contribution to rehabilitation.

Thousands of farmers in this region have always had some neighborhood arrangement for the common use of farm machinery. Sometimes this equipment is owned jointly; in other instances, one farmer will exchange the use of one machiney which he owns with another farmer who owns a different machine needed in his farm operations. These arrangements are essentially community services. We know they have worked and will continue in use as long as farm machinery remains at present high prices in relation to farm income, and as long as farmers continue to operate small units, the operation of which will not justify the purchase of a full line of equipment needed to produce crops, or carry on livestock enterprises in competition with larger units.

Following is a list of typical equipment and services which can be advantageously supplied by Community Services in this Region: Tractors, and Tractor Equipment, Threshers, Combines, Grain Binders, Grain Drills, Corn Planters, Lime Sowers, Lime Crushers, Hammermills, Sprayers, Dusters, Transplanters, Potato Planters and Diggers, Potato and Onion Graders, Corn Harvesters, Corn Pickers, Ensilage Cutters, Land Rollers, Fertilizer, Distributers, Manure Spreaders, Medical Care Associations, Bull Rings, Artificial Insemination Associations, Dairy Herd Improvement Associations, Veterinary Associations, Stallion Rings, Calf Clubs, Seed Improvement Programs, and any home equipment which can be used cooperatively to good advantage.

D - FARM TENURE IMPROVEMENT PROGRAM

1. The problem of Insecure Tenure and the Interest of the FSA:

   (a) Unsatisfactory and insecure tenure has contributed to the distress and need for emergency aid on the part of many rehabilitation clients; has retarded and may prevent their successful rehabilitation; or, even after successful rehabilitation, may cause recurring distress which will necessitate additional loans and grants at different intervals.

   (b) Farm and Home management plans for rehabilitation are usually developed on the assumption that the client will remain upon the farm for the period of the rehabilitation loan. Insecure or unsatisfactory farm tenure arrangements may result in termination of tenure on the particular farm and may prevent or retard successful rehabilitation in accordance with the plans developed.

   (c) Therefore, the Farm Security Administration has a proper interest in the farm tenure arrangements of existing or potential RR clients and is justified in requiring that such arrangements be equitable and satisfactory and provide reasonable security of tenure for tenant farmers to whom it makes rehabilitation loans. Such tenure arrangements are of mutual advantage to both tenants and landlords.

2. Policy:

   (a) Tenure Improvement Program - The Farm Security Administration conducts a systematic program designed to provide more equitable and secure tenure arrangements for the mutual benefit of both tenants and landlords. This activity applies to RR Clients (Farm Security Administration and State Rural Rehabilitation corporation) and to applicants or potential applicants of rural rehabilitation loans.

* * *

E - Tenant Purchase Program

On September 1, 1937 the Farm Security Administration was assigned a new function -- the administration of the Tenant Purchase Program, authorized by Title III of the Bankhead-Jones Act, under which tenants, sharecroppers, and farm laborers are loaned money to buy farms of their own. These loans are made in a limited number of counties. Complete instructions regarding this phase of the Farm Security Administration Program may be found in the Farm Security Administration Manaual under the six hundred series.

IV - COMMITTEES

Proper functioning of all phases of the Farm Security Administration Program, and the assurance that the program may be used to the fullest extent to meet needs of the low-income and financially troubled farm family in the various communities, is predicated upon the use of County Committees. Members of county committees are carefully selected on the basis of a sympathetic understanding of human needs and problems of low-income farm families in the area. They are representative leaders in agriculture and home economics, and are selected where possible by the Farm Debt Adjustment and Farm Security Administration supervisors working in close cooperation with the County Agricultural Extension Agents. The County Agent will serve on these committees, or act as an advisor thereto.

A - Appointment of Committees

1. To secure the appointment of a Farm Debt Adjustment committee, after the members have been selected by the Farm Debt Adjustment and Farm Security Administration supervisors, it is only necessary to submit the names to the State Director or to the Assistant to the Regional Supervisor, who in turn forwards them to the Regional Office for final approval. If, after appointment by the Regional Office, it is found that certain committee members do not have the time to devote to the Farm Security Administration program, or that they are not particularly interested in the work, it will become the duty of the Farm Debt Adjustment and Farm Security Administration supervisors to select such replacements as are necessary and notify the State Office and Regional Office of the desired change.

2. In those counties where Tenant Purchase committees are active, and the personnel of the Tenant Purchase committees is sympathetic toward the Rehabilitation program, it has been decided that the appointment of an additional committee would be unnecessary. In such counties, when Farm Security Administration problems are being discussed, the relationships which are to exist between the committee and the Farm Security Administration personnel, will be the same as those of other counties where a Farm Debt Adjustment Committee has been appointed. Where it is found by the District RR Supervisor and the Farm Debt Adjustment supervisor, that the personnel of these Tenant Purchase committees is too busy with Tenant Purchase work, or are not sufficiently interested in Farm Security Administration problems in general, a Farm Debt Adjustment Committee will be selected by the Farm Debt Adjustment and the County RR Supervisors.

3. The members of these Farm Debt Adjustment Committees are neither employees of the Farm Security Administration, nor responsible to the Farm Security Administration. They serve without salary, although a limited amount of money has been provided for partial reimbursement for expenses incurred by them while actually engaged in Farm Debt Adjustment work.

4. While no formal papers of appointment are necessary, the Regional Office must be informed immediately of any changes in committee personnel, so that any new members may be listed on our records as eligible for remuneration for their services.

B - Reimbursement of County Committees

County committees will receive payment, which should partially cover expenses incurred by them, subject to the following conditions:

1. A committee of three members is sufficient, but not more than five persons may be employed as County Farm Debt Adjustment Committee members in one county during a calendar month.

2. Not more than a total of twenty-five dollars ($25.00) may be expended for County Farm Debt Adjustment Committees in one county during a calendar month.

3. The rate of pay per county Farm Debt Adjustment Committee member shall not exceed three dollars ($3.00) per day.

4. No person may be employed as a County Farm Debt Adjustment committeeman more than five days in any calendar month.

C - Service Certificates

In order that County committee members may receive payment for their services, it will be necessary for the County RR Supervisor to notify the State Director or Assistant to the Regional Supervisor, by letter, of the date, the place of meeting, the names and home addresses of each member present and the time spent by each committee member. It will be necessary to compute this time by days or fractions of days. The State Director or Assistant to the Regional Supervisor will prepare form RA-GEN-35 "Semi-Monthly Service Certificates" for all county committee members, who are to receive remuneration for services performed. The original and one copy will be forwarded to the Regional Office. The above procedure should be followed for both formal and informal meetings.

1. The limitation of twenty-five dollars ($25.00) per committee per month is a maximum and should not be interpreted to mean that this amount will be available for every county. On the contrary, available funds will permit an average payment throughout the region of only a very small fraction of the maximum allowed.

D - Minutes of Meetings

It is also important that minutes of each meeting, whether formal or informal, shall be prepared in triplicate, the original to be

sent to the State Office, a copy to the Regional Office Farm Debt Adjustment Division, and the third copy to be retained in your files. This report of each meeting will assist in securing approval of the Service Certificates.

2. In order that the organization of committees and their activities may be completed, and the members properly instructed as to their duties, it is felt desirable that two formal meetings of each committee be held within a period of thirty days. After these two meetings, continued activities with committee members may be conducted, either on a formal meeting basis or through informal contact by the Supervisor with the county committee members. It has been found, however, that in the regions where committee activities have been most successful formal meetings have been held at intervals of from two weeks to thirty days, depending upon the volume of work.

E - Duties of Committee Members

The duties of the Farm Debt Adjustment committee members will be as follows:

1. To act in an advisory capacity on all Farm Security Administration problems.

2. To act in an advisory capacity in considering new applications.

3. To consider all supplemental loan applications.

4. To assist in the solution of present problem cases.

5. To review, with the Supervisor, all inactive or dropped cases, and thoroughly review other cases before they are so classified in the future.

6. To assist in the adjustment of debts under the direction of the supervisor.

7. To assist in developing contacts with creditors.

8. To advise regarding farm management practices.

9. To aid in developing proper public relations.

10. To assist in the adjustment of financial problems of non-clients.

11. To bring problem cases to the attention of the Supervisor.

sent to the State Office, a copy to the [illegible] [illegible]

5. Provided that the [illegible]

3 - Duties of [illegible]

The duties of the [illegible] Debt Adjustment [illegible] will be as follows:

1. To act in an advisory capacity [illegible]

2. To act in an advisory capacity in [illegible]

3. To [illegible] all [illegible] applications.

4. To assist in the selection of the [illegible]

5. To review, with the Supervisor, [illegible]

6. To assist in the [illegible] under the direction of the [illegible]

7. To assist in developing contacts with creditors.

8. To [illegible]

9. To aid in developing proper public relations.

10. To assist in the adjustment of [illegible]

11. To do other duties [illegible] the Supervisor.

From a broader standpoint committees should consider the agricultural problems of the county, the adequacy of present agricultural credit, and general conditions which affect crops, production and marketing. It will be their duty to recommend any changes which might cause improvement in Agricultural credit, in farm management and in marketing. The county committees should also consider methods by which the Farm Security Administration program may become generally more effective in their respective areas.

F. Duty of County RR Supervisor Regarding Committees

It will be the duty of the county RR Supervisor to notify the county committee members, district RR Supervisor and Farm Debt Adjustment Supervisor at such times as a meeting is required, and the time and place of such meetings. The RR Supervisor should arrange with the committee members such a schedule of meetings, as will permit the Farm Debt Adjustment Supervisor and the District RR Supervisor to attend as often as possible.

In cases where necessary, meetings may be called by the Chairman of the committee, the District RR Supervisor, or the Farm Debt Adjustment Supervisor.

In any case, where a difference of opinion occurs between the Farm Security Administration Supervisor and the County committee regarding any particular loan application, a docket may be prepared and submitted to the Regional Office for an administrative decision. Such a docket shall be accompanied by supporting narratives, prepared by both the Farm Security Administration Supervisor and the County Committee.

It will be the duty of the Farm Debt Adjustment Supervisor and the District RR Supervisor to see that each county RR Supervisor is using the county committees properly, that sufficient meetings are being held and that the committee members are fully instructed as to their duties in the Farm Security program.

The assistance of county committees will not only strengthen the Farm Security Administration program, but will enable the county RR Supervisor to find a solution for a greater number of his problem cases.

February 1, 1940